

## NEW SOUTH WALES.

BUSINESS STATISTICS - 15th OCTOBER, 1940.

Economic activity continues to increase under the stimulus of mounting war expenditure. General confidence is shown by recovery on the Stock Exchange, record low bond interest yields, an increased flow of money in commerce and activity in the building industry. A more satisfactory trend in oversea trade is evident which extended import restrictions should strengthen. Though improved by late Sept. rains the rural outlook is still uncertain and copious rain is needed generally. Anglo-American co-operation (of which storage of a big security stock of wool in Boston is an aspect) presages increased strength of the Empire war effort.

C O N T E N T S.

## PART I.

Season: Improved by recent rains; heavy rain needed generally.

Export Prices and External Conditions: Export prices steady. Japan with the Axis Powers. Anglo-American co-operation. Conditions in U.S.A. and U.K. Coastal shipping taken over in U.K. The Delhi conference. Thailand good-will mission.

Currency Relationships: Sterling firm in New York open market.

Wool: Progress of appraisements. Strategic wool reserve in U.S.A. Wool storage in Sydney. Prospect of increased wool consumption in U.S.A.

Wheat: First N.S.W. 1940-41 forecast. Drought relief. Prices firm in Chicago. Low Argentine offers. Local market quiet. Prices unchanged.

Butter: Production in N.S.W. factories - Aug. and July-Aug., 1940. Intra-state quota - Oct., 1940. Pay for cream, North Coast factories - Sept., 1940. Reduced butter ration in U.K.

Metals: Tin and silver prices firm in London. Tin statistics.

## PART II.

Bank Clearings - Sydney: September and Jan.-Sept., 1940.

Real Estate, N.S.W.: Sales and Mortgages - Sept. and Jan.-Sept., 1940.

Stock Exchange, Sydney: September, 1940.

Interest Rates - Mortgages: September quarter, 1940.  
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## PART III.

Buildings Commenced  
- Metrop. Water Bd. Area: September and Jan.-Sept., 1940.

## PART I. PRIMARY AND EXPORT INDUSTRIES.

SEASON. Substantial rain fell at the end of September but since then weather has been very dry. Bountiful rain is needed urgently. The recent rain improved some crops and pastures but droughty conditions prevail over much of the State. The rainfall index shows the severity of the season and the uncertain outlook:-

	1940 - Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Weighted average ratio of actual to normal rainfall (100)								
Sheep Districts	30	34	46	204	33	17	21	36	109
Wheat "	24	18	21	227	36	17	33	36	116
Dairying "	58	47	104	88	39	58	18	90	50

The first official 1940-41 wheat forecast is only 33 million bushels, compared with 76½m. bus. last year. In some districts many lambs are being lost because of poor pasturage.

EXPORT PRICES AND  
EXTERNAL TRADE  
CONDITIONS.

Australian export prices are open to little change as a major part of exportable surpluses is absorbed at fixed prices by the British Government. The present export price level (about 82 per cent. of the 1927 average) is practically equal to the average in the prosperous years 1935-36 to 1937-38. But prospects of disposal of Australian wool, wheat, etc. to Japan are now poor owing to Japan's alliance with the Axis Powers. This means accentuation of post-war marketing problems for Australia.

Anglo-American economic co-operation and U.S. rearmament are factors of increasing importance to Australia. U.S.A. export restrictions do not affect supplies to Britain but may cause serious deficiencies in war materials in Japan. American business activity is increasing; steel output has passed 94 per cent. of capacity, and for eight months the national income was \$2,400 m. more in 1940 than in 1939, but prices in the U.S. are fairly steady. Security prices in New York are firming after slight reaction to Far Eastern developments.

Industrial shares firmed in London last week. Commenting upon Britain's financial position, "The Statist" affirms that the "extensive holdings of U.S. and other foreign securities are hardly touched". Britain's war expenditure is now £stg. 14 million a day, and economic activity is increasing. Deposits in British banks increased by £108 m. in Sept., 1940. Commodity prices are steady in U.K., were slightly lower on Oct. 9, 1940 than three months earlier, but were 43 per cent. higher than before the war. On Sept. 24 Mr. J.M. Keynes said that "there had not, so far, been any inflationary trend in Britain." British coastal shipping was requisitioned as from October 14, 1940.

Australia is participating in the Empire Eastern Group Conference to open at Delhi on Oct. 25. The objective is to co-ordinate war production and supplies to ensure collective self-sufficiency in war materials of the colonies and Dominions bordering on the Indian Ocean. The conference may have an important bearing on the industrial development of Australia, and its trade with the Empire countries concerned.

A Thailand (Siam) good-will mission is to arrive in Australia on Nov. 8, 1940.

CURRENCY

RELATIONSHIPS. For over a month past sterling has been quoted in the open market in New York at slightly above the official London rate of exchange. This is indicative of the efficacy of the British control of foreign exchange, and although the "free" market is now very small, it is also evidence of Neutrals' confidence in British financial stability.

Free market quotations moved as under:-

	Aug., 1939	Feb., 1940	Mar., 1940	Apr., 1940	May 1940	July, 1940	Aug., 1940	Sept., 1940
Monthly Average: £ to £stg.	4.61	3.96	3.75	3.53	3.28	3.81	3.99	4.04

The United States Government has taken action to "freeze" Rumanian credits in that country in view of the apparent "occupation" of Rumania by Germany.

/WOOL....



**WOOL.** Appraisement of wool is proceeding steadily in Sydney and other Australian selling centres. Prices on appraisement are generally lower than in 1939-40, - to date the average appraised price in Australia is 11.67d. a lb. (greasy) and 11.54d. in N.S.W. but the difference between appraised value and the agreed price (13.4375d. (Aust.) a lb.) will be covered by an equalisation dividend at the end of the season.

To the end of last week 357,193 bales had been appraised in Sydney this season. Appraisements were only beginning at the corresponding date of last season. Brokers expect this season's N.S.W. clip to be about 10 per cent. lighter than that of 1939-40.

The plan to store a strategic reserve stock of 250 m. lb. (833,000 bales) of Australian wool in Boston has been finalised. This stock is exclusive of purchases of Australian wool for current U.S. consumption. Britain retains ownership but America pays the cost of shifting the wool in American ships and of storage. Despite this relief to Australian storage, it is proposed to erect wool stores near Cook's River, Sydney to house 400,000 bales of wool at a cost of £200,000.

Wool is getting dearer in the United States. This is due in part to the purchase by the U.K. of the South African clip, giving Britain a near-monopoly of merino wool outside the U.S.A., where this year's clip is a record (1,508,000 bales). American consumption is expected to increase greatly, for civilian use, as well as for the clothing of the large Armed Forces to be trained in the U.S.A.

Provided drought-breaking rain falls soon the pastoral industry should be assured of satisfactory returns by the purchase of wool, lamb and mutton at agreed prices by the British Government. Wool prices in Sydney compare as under:-

AVERAGE PRICE OF GREASY WOOL IN SYDNEY.

	<u>1926-29</u>	<u>1931-33</u>	<u>1936-37</u>	<u>1937-38</u>	<u>1938-39</u>	<u>1939-40</u>	<u>1940-41</u>
Pence (Aust.) per lb.	17.2	8.5	16.4	12.7	10.3	13.4 <sup>ø</sup>	13.4 <sup>ø</sup>

<sup>ø</sup> Agreed price for British purchase of Australian clip (13.4375d. (Aust.) per lb.).

**WHEAT.** The Commonwealth Government has lent £1 million to State Governments (£300,000 to N.S.W.) to provide drought relief. A large proportion of this will be advanced to wheat farmers, many of whom have suffered total loss of this season's crop. A further Commonwealth and States Conference to deal with problems of - inter alia - the wheat industry is to be held in Melbourne on Oct. 25, 1940.

The State Marketing Bureau tentatively forecasts the N.S.W. 1940-41 wheat harvest at 33 m. bus. This is 27 m. bus. below the average for the ten seasons ended 1939-40. For even this small yield to be assured favourable conditions from now until harvest will be necessary. The Aust. Wheat Board will not receive new season's wheat at country stations before Nov. 15, 1940.

In Chicago futures quotations have fluctuated a little but on Oct. 11 December options at 84 cents a bushel were highest since May last and about the same as a year earlier. Argentine parcels are being offered in London at 20s. a bus., compared with 26s. 3d. a bus. for Australian.

No important export sales of Australian wheat have been reported, but some small orders for flour for export were booked last week. The local market is very quiet. The Wheat Board's prices are unchanged. These are (per bushel, f.o.r., Sydney) 4s. 2<sup>1</sup>/<sub>4</sub>d. for bagged wheat and 3s. 11<sup>1</sup>/<sub>4</sub>d. for silo wheat for local consumption and small export orders. The price of flour (including tax) is still £12.10s. a ton.

## PRICES OF WHEAT IN NEW SOUTH WALES.

<u>Bulk Wheat</u>	Seasons ended November.			September		October 11, 1940.
	1931-35	1937.	1939	1939	1940	
	Shillings and pence per bushel.					
Ex trucks, Sydney	2 9½	5 3	2 5	2 9	3 11¼ (b)	3 11¼ (b)
Equiv. ex farm at Country siding(a)	2 2½	4 8	1 9½	2 1½	(c)	(c)

(a) Exclusive of bounty. (b) Prices for sale for local consumption.

(c) Advances made give farmers about 2s. 5d. (not) a bushel. Further payments depend upon realisations for the whole 1939-40 crop.

**BUTTER.** Principal N.S.W. dairying districts benefited from recent rainfall, but much more rain, with following falls, is needed to assure a satisfactory season. The quantity of butter produced in factories in N.S.W. in August, 1940 (5,041,672 lb.) was 21 per cent. less than in August, 1939. In July and August, 1940 the output was 10.09 million lb. compared with 12.94 m. lb. in 1939 and an average of 11.91 m. lb. in the peak years 1931-35. Other comparisons are:-

## PRODUCTION OF BUTTER IN FACTORIES - NEW SOUTH WALES.

Aver.	1931-35	1936	1937	1938	1939	1940
August Mill. lb.	6.15	5.57	4.84	4.89	6.36	5.04
July-Aug. "	11.91	10.56	9.00	9.32	12.94	10.09

Some indication of butter production prospects in Australia as a whole is afforded by the quota fixed for sales within each State. In October 1940 factories may sell 42 per cent. of the butter made on the local market. The proportion for export (58 per cent.) is the lowest export quota for October since quotas were first fixed six years ago:-

	1935	1936	1937	1938	1939	1940
Proportion of butter for sale within the State (%).						
October	33½	35	39	36	34	42

For cream supplied in September, 1940 certain North Coast factories are paying suppliers 13d. a lb. of butter made. This is ¾d. a lb. more than in Sept., 1939. The course of prices for cream supplied to factories is:-

## PAY TO SUPPLIERS OF CREAM TO CERTAIN NORTH COAST FACTORIES, N.S.W.

	March	April	May	June	July	Aug.	Sept.	Deferred Pay.
	Pence per lb. of commercial butter made.							Jan.-June.
1934	7	8	9¼	9¼	9½	10	9	1½ x
1937	11	11½	12¼	12½	13½	13½	13½	1 x
1938 ø	12¼	13	13½	14½	14	14	12¾	1½ x
1939 ø	12½	12¼	12¼	12½	12½	12	12¼	1.06 x
1940 ø	12½	12¼	13	13¼	13¼	13	13	1¾ x

ø Cartage charges (about ¾d. a lb.) paid by factories.

x This payment is additional to that shown for each of the relevant months.

Under present conditions returns to suppliers vary in relation to production as both the local price of butter (158s. 8d. a cwt.) and the price under the British contract (137s. 2d. Aust. a cwt.) are fixed for long periods. The Dept. of Commerce has advised dairying interests that there is opportunity for increased production of butter, cheese, condensed and powdered milk, and it is expected that, given

/satisfactory.....



satisfactory seasonal conditions, the production of these will be expanded considerably. The British butter ration has been reduced to 2 oz. a week (about one-fourth of normal consumption) compensated by an increase in the quantity of margarine obtainable. Though the contract with Australia is to buy 100,000 tons of butter in 1940-41 the British Ministry of Food will take whatever additional quantity may be available for export.

**METALS.** Fixed maximum prices of the British Ministry of Supply for copper, lead and spelter in London, duty paid, delivered to buyer are unchanged at (sterling, per ton) £62 for copper, £25 for lead and £25 15s. for spelter.

In the open market the price of tin, which declined to £stg. 240 a ton in the middle of September, has fluctuated between £stg. 255 and £stg. 260 a ton during the past fortnight. Reports that the U.K. Government intends buying tin to build up a strategic reserve was a market influence. The present production quota for tin (120 per cent. of standard tonnages) has not led to any marked change in market conditions as deliveries have mounted in step with supplies. The following figures are from the International Tin Research and Development Council:-

	<u>World Production of Tin.</u>	<u>Deliveries of Tin to U.S.A.</u>	<u>World Stocks of Tin at July 31.</u>
Jan.-July, 1939 (tons)	77,600	35,275	39,497
" 1940 "	124,400	57,934	48,830

The price of silver in the open market in London has been steady at 1s. 11d. to 1s. 11½d. an oz. since early in August, 1940 and nearly 40 per cent. higher than before the war. The increase is partly the result of the depreciation of sterling against the U.S. dollar.

Open market prices for tin and silver in London compare as follow:-

	<u>Aug., 1939</u>	<u>Jan., 1940</u>	<u>June, 1940</u>	<u>Sept., 1940</u>	<u>Oct. 11, 1940.</u>
Tin (ton)	£229 18 9	£240 18 1	£273 12 10	£251 6 11	£259 15 0
Silver (oz)	1 5.7	1 9.9	1 10.7	1 11.4	1 11.4

BANK CLEARINGS. Inter-bank clearings in Sydney in September, 1940 (£84.5 m.) were a record for September and 12.8 per cent. greater in amount than in Sept., 1939. In the nine months ended September the amounts of clearings were £676.5 m. in 1939 and £790.1 m. in 1940, showing an increase of 16.6 per cent.

The marked increase in the value of business transacted through bank accounts indicated by these comparisons is due in part to higher export prices, some increase in internal prices, and the rising trend of industrial activity and employment resulting from heavy and increasing war expenditure now exceeding (in Australia) £11 m. a month. The latter factor is the dominant current economic influence. Although in some directions the exigencies of warfare have necessitated curtailment of activity, and the field and degree of contraction may be expected to extend, vigorous development of the war effort is likely to promote buoyant conditions in business as a whole, though irregularities may appear.

In September quarter the index number of bank clearings rose from 99 in 1939 to 117 in 1940. Final wool payments and transactions connected with the finance of the war contributed to the increase. Other comparisons are as follow:-

## INTER-BANK CLEARINGS - SYDNEY.

	Amount (a)		Index Number.(b)
	September.	Sept. Qr.	Sept. Qr.
	£ million.	£ million.	1926-30 = 100.
1929	78.7	779.9	107
1937	79.8	692.0	101
1938	77.6	692.1	99
1939	74.9	676.5	99
1940	84.5	790.1	117

- (a) Excluding Treasury bill transactions.  
 (b) The index is adjusted to eliminate effects of bank amalgamations and special governmental transactions but not for changes in price levels.

REAL ESTATE. After a low total in August, considerations of sales of real estate registered in September, 1940 (£3,149,000) were greater in value than in September of any recent year and nearly 30 per cent. above average for the preceding months of this year. Sales have tended to increase again after contracting in the months following the outbreak of war. Quarterly totals for three years were:-

	March Qr.	June Qr.	Sept. Qr.	Dec. Qr.
Considerations of Sales - £ million.				
1938	8.95	9.66	10.23	8.58
1939	8.51	7.95	8.92	6.78
1940	6.87	7.76	8.62	

Sales in the nine months of this year were 8.3 per cent. and mortgages were 26.5 per cent. below the value in Jan.-Sept., 1939.

Mortgage transactions remain considerably below the value in recent years, and the totals for August (£1,099,000) and September (£1,240,000) were each lower than in any month since February, 1936.

Investment property of all kinds is in strong demand and there is much enquiry for small shops and dwellings, and from homeseekers. Values are inclined to harden.



PART II (Continued)

REAL ESTATE TRANSACTIONS - NEW SOUTH WALES.

	Month of September.		Nine Months ended September.	
	Sales.	Mortgages. ø	Sales.	Mortgages. ø
	£000	£000	£000	£000
Aver. 1925-29 x	(4,619)	(4,042)	(41,571)	(36,378)
1937	2,665	1,593	27,211	16,896
1938	3,079	2,085	28,840	19,919
1939	2,934	1,501	25,379	17,673
1940	3,149	1,240	23,261	12,994

ø Includes normal renewal of mortgages in 1925-29. Renewals were rendered unnecessary in many cases by the Moratorium Act, 1930.

x Monthly and nine months averages.

STOCK EXCHANGE. Almost without interruption prices of ordinary company shares on the Sydney Stock Exchange have been rising since the recession was checked early in July. The market has been influenced by generally firming tendencies in the London and New York Exchanges and the display of strength in the local economy. Up to a few days ago average values (Sydney Stock Exchange Research Bureau index) had risen 20 per cent. above the low point of July 2 and were then within about 6 per cent. of the highest point of this year.

The following particulars disclose a recovery of value in shares in each type of enterprise between August and September, 1940. Averages for the months showed the greatest gains in manufacturing etc. (9.7 points) and insurance (8.4 points) company shares and a rise of 6.7 points in the composite index number. Manufacturing and retail shares were of about the same value as in September 1939 but those in insurance and in public utility companies were 12½ and 10 per cent. lower than in the first war month. The decrease of 8½ per cent. in the average value of shares in pastoral and finance companies was due to adverse seasonal conditions in sheep districts in this and other States.

INDEX OF VALUE OF ORDINARY COMPANY SHARES - SYDNEY STOCK EXCHANGE.

Excluding Banks. Par Value = 100.

	Shares in Companies engaged in -					Total 75 Companies.	34 Active Shares.
	Manufac- turing & Distrib- uting.	Retail Trade.	Public Utili- ties.	Pastoral and Finance.	Insur- ance.		
Sept., 1931 (a)	72	60	88	75	121	74	77
Mar., 1937 (b)	214	204	181	169	281	190	200
Sept., 1939	209	161	152	127	257	171	180
Jan., 1940	229	174	152	132	270	182	195
June "	187	138	129	110	233	151	160
Aug., "	197	150	131	112	226	155	168
Sept., "	207	158	134	116	235	162	176

(a) Lowest point. (b) Highest point.

INTEREST RATES:

Mortgages. Average rates of interest on private first mortgages have fluctuated a little with a slightly downward tendency in recent months. In September quarter, 1940 weighted average rates were 5 per cent. on rural and 5.6 per cent. on urban first mortgages compared with 5.5 and 5.8 per cent., respectively in December Qr., 1939.

Recent trends in these interest rates were as follow:-

Private First Mortgages, N.S.W.	1938		1939				1940			
	Sept. Qr.	Dec. Qr.	Mar. Qr.	June Qr.	Sept. Qr.	Dec. Qr.	Mar. Qr.	June Qr.	Sept. Qr.	
Weighted av. rate of interest, per cent. per annum.										
Rural Mortgages	5.0	5.1	5.1	5.1	5.2	5.5	5.4	5.0	5.0	
Urban "	5.6	5.4	5.6	5.6	5.5	5.8	5.7	5.6	5.6	

The Government's policy of cheap money has been applied successfully and as the Treasurer has made it clear that higher rates of interest on mortgage investment will not be countenanced, it is likely that any subsequent movement will be toward lower rates. Prevailing average interest rates are, on rural mortgages, only slightly higher and on urban mortgages, less than one-half per cent. higher than the averages in 1935 when these rates were at their lowest level.

#### AVERAGE RATE OF INTEREST ON PRIVATE FIRST MORTGAGES, N.S.W.

	Average - Calendar Year.						Sept. Quarter.	
	1934.	1935.	1936.	1937.	1938.	1939.	1939.	1940.
	Weighted average rate of interest - per cent. per annum.							
Rural Mortgages	5.1	4.8	4.9	5.0	5.0	5.2	5.2	5.0
Urban "	5.3	5.2	5.2	5.3	5.4	5.6	5.5	5.6

Government Securities. Bond prices remained very firm during September and in the early part of October, 1940. On Oct. 10, 1940 the average net redemption yield on Australian Consolidated Loans of five or more years maturity was £3.5s.10d. per cent. and about 2s. per cent. below the yield permitted by the fixed minimum prices of bonds. At the outbreak of the war bonds were yielding £4.1s. per cent. The reduction of rather more than 15s. per cent. has been brought about by the transition from financial stringency to monetary ease by central bank action, the enlargement of the national income through higher export returns and greater internal activity, control of investment, and general confidence. Present returns are the lowest on record.

The Sydney County Council £500,000,  $3\frac{3}{4}$  per cent. loan repayable 1952 (which was underwritten) opened for subscription on Sept. 25 and was almost fully subscribed. The rate of interest was  $\frac{5}{4}$  per cent. less than on the Council's £600,000 issue in October, 1939.

Trends in interest yields on Government securities are shown below:-

#### NET REDEMPTION YIELD ON AUSTRALIAN CONSOLIDATED LOANS.

	Bonds maturing in -			
	Over 5 to 10 years.	Over 10 to 15 years.	Over 15 Years.	Over 5 years (Overall rate)
	Average net redemption yield - per cent. per annum.			
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Average - 1935	3 9 7	3 10 1	3 13 9	3 11 1
- 1938	3 14 5	3 15 0	3 15 10	3 15 0
" Jan.-June, 1939	3 17 9	3 18 4	3 18 4	3 18 1
" September "	4 1 0	4 1 1	4 1 9	4 1 3
" July, 1940	3 5 9	3 7 9	3 8 8	3 7 3
" August, "	3 5 7	3 7 3	3 8 1	3 6 10
" Sept. "	3 4 0	3 6 5	3 7 10	3 5 11
October 10, "	3 3 5	3 6 8	3 8 0	3 5 10

OVERSEA TRADE - AUSTRALIA. A decrease in imports is the most significant feature of overseas trade in recent months, although monthly totals remain above those of a year ago. Import restrictions are now effective but possibly have been counter-balanced by higher prices and transport costs together with the import of finished and industrial war materials. The increase in the value of imports compared with last year fell from 40 per cent. in Jan.-June to 22 per cent. in Sept. quarter.

/Imports.....



## PART II - (Continued)

## Imports of Merchandise - Australia (£stg. million)

	Apr.	May.	June.	July.	Aug.	Sept.	March Qr.	June Qr.	Sept. Qr.
1939	6.8	8.4	8.3	8.9	9.2	6.8	25.1	23.5	24.9
1940	12.2	10.8	10.2	12.6	8.8	8.9	35.0	33.2	30.3

In the three months ended September, 1940 exports of merchandise increased in value by 31.5 per cent. in comparison with Sept. qr. 1939 and the excess of imports (£stg. 4.74 m.) was less than in that quarter of 1938 or 1939. However the improvement was not of the order required to enable Australian credits abroad to be built up for war purposes, and more extensive control of imports may be applied. A new schedule of more than 100 items (non-essentials, or goods obtainable in Australia or other sterling countries) of restrictions on imports from non-sterling countries to operate from Oct. 1, 1940 was announced on Oct. 10. This involves imports valued at about £1.5 m. a year bringing the total saving of foreign exchange to be obtained by import control to £10.5 m. or £11 m. a year.

Except that stability in the pastoral industry is assured by renewal of the British meat contract, the export outlook is not greatly changed. During September the Commonwealth was considering the disposal of New Guinea copra for Mexican oil, but it is understood to have abandoned the proposal for reasons of war strategy.

Trade figures (merchandise only) compare as under:-

## OVERSEA TRADE (MERCHANDISE ONLY) - AUSTRALIA. ø

	September.		September Quarter.				
	1939.	1940. <sup>x</sup>	1936.	1937.	1938.	1939.	1940. <sup>x</sup>
	Value in £stg. million.						
Merchandise -							
Exports	6.38	7.71	17.47	23.26	20.27	19.43	25.55
Imports	6.83	8.91	22.80	27.26	26.10	24.90	30.29
Import Surplus	.45	1.20	5.33	4.00	5.83	5.47	4.74

ø Particulars of bullion and specie not available for publication.

x Preliminary.

## PART III INDUSTRIES.

BUILDING INDUSTRY.Buildings Commenced - Metropolitan Water Board Area.  
(Includes Government Buildings).

A high level of building activity is being maintained although building in the city itself has decreased. House building is at a record level and flat building also has revived, but buildings for business purposes are falling off. War activities and other special factors have caused a marked increase in miscellaneous buildings.

In September, 1940 buildings of a value of £1,000,000 were commenced in the Metropolitan Water Board Area. This was £161,000 more than in Sept., 1939 but about 10 per cent. below the average in the preceding months of this year. Monthly totals have varied rather widely, but in the last six months the value was greatest for the period in post-depression years and nearly 10 per cent. greater than in the middle quarters of 1939.

## Value of Buildings Commenced - Metrop. Water Board Area.

		<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Apr.-Sept.</u>
1938	£000	1057	1186	1005	1297	1341	972	6,858
1939	£000	994	1220	1055	1012	1180	840	6,301
1940	£000	1187	1309	917	1438	1052	1001	6,904

Building activity was restrained during the first few months of the war, but has made substantial recovery in recent months, and in the first year of the war the value of buildings commenced in this area exceeded that of the preceding twelve months. In the city the total was lowest of any similar period since 1935 but in the suburbs there was an increase (in value) of  $7\frac{1}{2}$  per cent. in comparison with Oct.-Sept., 1938-39. The value of buildings commenced in years ended September was as follows:-

## Year ended September.

		<u>1935.</u>	<u>1936.</u>	<u>1937.</u>	<u>1938.</u>	<u>1939.</u>	<u>1940.</u>
In City	£000	1,051	1,962	2,416	2,201	1,876	1,622
In Suburbs	£000	6,552	7,101	7,628	10,867	10,124	10,865
In M.W.B. Area	£000	7,603	9,063	10,044	13,068	12,000	12,487

In September quarter 1940 the value of dwelling houses commenced was greater than in any other three-months period of recent years. Indeed, throughout the first year of the war this type of building was relatively well sustained, and this at a time when the influence of co-operative building societies upon house-building activity was waning. The inference is that many people are seeking security of capital in property; an inference supported by the revival of flat building during the last six months. On the other hand, despite construction of factory premises for war industries, totals for business premises have been declining. Trends may be observed in the quarterly totals given below.

## Metropolitan Water Board Area - Value of Buildings Commenced.

Year and Quarter.	1938.		1939.				1940.		
	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June.	Sept.
Houses £000	1701	1447	1482	1423	1667	1395	1453	1452	1789
Flats £000	627	475	505	476	578	296	502	634	625
Business Premises £000	1133	634	812	1048	676	594	937	720	636

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## PART III (Continued)

There has been a marked increase in the value of miscellaneous buildings of which the construction of military camps, etc., hospital buildings and storage premises (for wool etc.) contributed a substantial part. Comparative details for September and the nine months ended September are as follow:-

## BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

Including new buildings, additions, etc. and Government buildings.

Type of Building.	September.		Nine months ended September.				
	1939.	1940.	1936.	1937.	1938.	1939.	1940.
	Value in Thousands of Pounds.						
Dwelling Houses	489	574	3,145	3,030	4,554	4,572	4,694
Flats	128	208	1,368	1,427	2,006	1,559	1,761
Business Premises (a)	196	109	2,181	2,969	2,862	2,536	2,293
Miscellaneous (b)	27	110	456	620	497	710	1,209
	840	1001	7,150	8,046	9,919	9,377	9,957

(a) Shops, factories, offices, etc. (b) Churches, Theatres, Schools, Hospitals, etc.

DWELLING HOUSES. There were 664 individual dwelling houses commenced in this Area in September, 1940 compared with 617 in September, 1939 and an average of 605 in the preceding months of this year. Partly because of the increased cost of building and a greater proportion of houses of the more expensive type, the number of houses built in recent months only reaches that of a year ago, despite the increase (for Sept. Qr.) of 7.3 per cent. in value. By months the numbers of houses commenced were:-

	<u>April.</u>	<u>May.</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Apr.-Sept.</u>
1938	532	668	657	700	777	643	3,977
1939	428	674	683	652	765	617	3,819
1940	569	583	568	743	629	664	3,756

In the first year of the war 7,159 houses were commenced, compared with 7,531 in the year ended September, 1939. It will be noted from the following statement that the number of houses being built in the quarter just ended was exceeded only once (Sept. Qr. 1938) in any quarter of the post-depression period.

## INDIVIDUAL HOUSES COMMENCED - METROPOLITAN WATER BOARD AREA.

(Flats are not included.)

	Month of September.	March Qr.	June Qr.	Sept. Qr.	Dec. Qr.	Year ended September.
1935	364	941	912	1,125	1,065	3,726
1936	595	1,273	1,251	1,668	1,195	5,257
1937	596	1,152	1,212	1,618	1,592	5,177
1938	643	1,267	1,857	2,120	1,853	6,836
1939	617	1,859	1,785	2,034	1,663	7,531
1940	664	1,740	1,720	2,036		7,159